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# **USAID East Timor Small Grants Program Semi-annual Report: October 2004 – March 2005**

This report was produced for review by the United States Agency for International Development. It was prepared by Nicholas Hobgood and Kate Heuisler from Development Alternatives Inc. (DAI) for contract number: DOT-I-00-03-00004-00.

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The authors' views expressed in this publication do not necessarily reflect the views of the United States Agency for International Development or the United States Government.

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## **Introduction**

### **SGP Contract Background**

On September 29, 2004, Development Alternatives Inc. (DAI) was awarded the SWIFT II East Timor Small Grants Program contract DOT-I-00-03-00004, task order 801. The contract will run from October 1, 2004 until September 30, 2006. The transition between DAI's previous Program Support Initiative contract was implemented immediately.

Previously, DAI implemented a contract that supported USAID's two Strategic Objectives; Democracy and Governance and Economic Growth. The USAID Mission Strategy for 2005-2009 introduced a new strategic objective, Health. USAID Strategic Objectives now include the following: (1) accelerating economic growth, (2) improving good governance practices, and (3) improving the health of the East Timorese people.

The new Small Grants Program (SGP) provides small grants assistance to support East Timor communities, organizations, and government in their efforts to build a stable, economically robust, democratic country. SGP's in-kind grants help selected groups do their work more effectively by providing them with vital services and supplies, such as training and equipment.

In the first 6 months since the signature of the contract, USAID has approved 35 small grants for a total of \$819,947 including \$258,481 in support of accelerated economic growth, \$394,549 in improved governance practices and \$166,916 in small grant activities to improve the health of the East Timorese.

DAI has also introduced a new monitoring and evaluation system for the new project. Continued evaluation of project activities is vital to the success of the program. Continued monitoring and evaluation ensures that each grant produces results according to the monitoring framework and that grant activities can continually be improved and adapted to include the most effective implementation practices. This on-going performance monitoring system ensures program flexibility in the face of the changing policy and legislative environment in East Timor.

DAI has also increased its outreach activities within the donor community, attending many focus group meetings and communicating frequently with projects undertaking similar activities. Identifying synergies and opportunities to take advantage of economies of scale will decrease funding overlap and ensure sustainability of grant activities.

## **SGP Grantmaking within USAID's Strategic Objectives**

### **Strategic Objective 1: Accelerated Economic Growth**

East Timor continues to depend on agricultural activities as the main source of income for the majority of the country's rural communities. DAI received numerous proposals during the first semester of the program, and has concentrated its programmatic efforts on the creation of jobs for East Timorese workers and activities that help generate income to improve the economy. During the reporting period, SGP provided 9 grants in the Economic Growth (EG) portfolio to local and international NGOs and ministries totaling \$258,481.

#### *Agricultural production and market access*

Agricultural activities and community experiments were an important part of the new phase of grant-making under the SGP contract. Concentration on harvesting and local production techniques that yield better crops helps make an important contribution to the economic landscape of the country. However, market access for rural farmers is vital in order to ensure a more sustainable plan for the farmers and small businesspeople around the country.

Local NGO Asociasaun Haburas Capacidade Atoni Enclave (AHCAE) managed small training programs for 12 farmers in harvesting and post-harvest techniques, creation of organic fertilizer, marketing and traditional plowing techniques in East Timor's enclave of land in Indonesia, Oecusse.

Fundasaun Amizade de Timor (FAT), a successful USAID partner on previous small grant programs, continued to receive small grant support under this contract. The latest grant provides in-kind funds to manage community level training programs in harvesting and post-harvest techniques, marketing and project management for grapevine plantations in Liquica district. This local NGO works with 25 local farmer groups to implement this activity. Overall, FAT emphasizes community ownership of all programs and tries to connect communities with the training they need to find their own market and economic successes.

In order to increase East Timor's access to regional and international markets, SGP supports feasibility studies to analyze the viability of certain crops and their markets. International NGO Catholic Relief Services (CRS) coordinated a feasibility study on the establishment of a candlenut press factory in Baucau district. The small factory has the potential to provide long term job options and a sustainable source of income for numerous local farmers. Results are to be determined during the next reporting period.

## *Financial Services*

SGP supports the nascent financial services sector in order to ease the transition from donor subsidization to long term development support. The small grants program helped support the small but growing microfinance sector in anticipation of USAID's AMAP/BASAR proposal, helping to fill the gap before the project begins its activities in East Timor.

The Financial Services Sector Assessment, conducted by consultants with CRS, provided needed information on the financial services supply in East Timor allowing USAID, multilateral agencies, NGOs and other donors to responsibly program their funds in the coming years. The study, available in Portuguese, Indonesian and English, shows the supply of financial services and the role of commercial banks, the microfinance institutions and credit unions in the formal and informal economy in East Timor. *(see USAID East Timor Program Highlight Archive "Microfinance Institutions Build a Strong Base in East Timor")*

The survey can be found on the Microfinance Gateway at <http://www.microfinancegateway.com/content/article/detail/24150>

In addition, SGP provided operational and training support to two microfinance institutions (MFIs) with plans of expansion to new districts on their path to operational self-sufficiency. Moris Rasik, a MFI working in Suai, Same, Ainaro, Aileu and Maliana was able to expand to two new districts, Ermera and Liquica. SGP also supported the expansion of Tuba Rai Metin, a MFI that works in partnership with CRS. They provide group lending microfinance services in Dili, Baucau and Viqueque. Between the support for these two MFIs, SGP helps support microfinance activities in 10 of the 13 districts of East Timor.

## *Economic Policy*

SGP also helped support policy level objectives in promoting economic growth and improving the legislative framework and enabling environment for economic growth on the domestic and international level.

Small grant activities included support for the Division of Tourism to attend the Indonesian Chapter meeting of the American Chamber of Commerce in 2004. East Timor's economic links to the region are bolstered by these meetings and the Ministry greatly increased its international visibility at the meeting.

The Ministry of Foreign Affairs received a grant to support the logistical and administrative costs surrounding border negotiations, ultimately helping East Timor agree on some of the disputed border points with Indonesia.

## **Strategic Objective 2: Key Foundations of Good Governance Strengthened**

In the world's newest democracy, the foundation of good governance is one of the vital needs to support sustainable development and successful practices across the country's new government structure. SGP funded a wide-range of activities to support local civil society groups, media outlets, local legal-aid groups, and government agencies that help improve citizens' access to justice. SGP also provides support for the country's first local election process to promote public participation in civic affairs and assist in the building of a transparent and accountable electoral system. During the reporting period, SGP supported 18 small grants in the Democracy and Governance (DG) portfolio for a total of more than \$394,549.

### *Rule of Law*

In spite of progress made since independence, the justice sector in East Timor continues to face complex and demanding changes, particularly after the end of the UN mission and the closure of the special court for serious crimes in 2005. East Timor needs regular trial monitoring, legal analysis provision and capacity building programs to help improve the quality of justice provided by the newly established judicial system, and to endorse human rights and rule of law in a significant and transparent manner for the people of East Timor.

DAI worked with USAID to assist the justice sector, raise public awareness and understanding of how the justice system works, and facilitate knowledgeable public participation in legal development efforts. The Judicial System Monitoring Programme (JSMP), a local NGO, received a small grant to support its groundbreaking work in court monitoring and research, legal analysis, and policy recommendations.

The Office of Human Rights Advisor to the Prime Minister received SGP funding to carry out a series of seminars and workshops to draft a National Human Rights Action Plan to confirm the government's commitment to achieving a comprehensive set of human rights goals through specific steps, raising awareness of human rights standards, and strengthening relevant institutions. The development of East Timor's Human Rights Action Plan strengthens democracy, improves citizens' access to justice, and encourages participation in civic affairs.

SGP also provided operational funds to Fundasaun Hak (HAK), a local NGO focusing on human rights, law and justice. HAK's activities encompass a range of activities, including critical human rights education, advocacy and legal analysis.

SGP supported a three-week diplomacy training program run by the Peace and Democracy Foundation, a regional NGO established by East Timor Minister of Foreign Affairs and Nobel laureate Jose Ramos-Horta. Thirty advocates for human and indigenous rights have come from across the region for the training sessions, six of whom are East Timorese. The program will enable them to better access and participate in governmental and inter-governmental processes to promote the protection

of human rights and the rule of law, and will facilitate the development of support networks between human rights defenders in East Timor and the region.

### *Media, Oversight and Improved Service Delivery*

The role of an independent media is increasingly important as East Timor moving towards greater sovereignty in all areas of governance and civil society. Media is one of the few means the community looks toward to facilitate public debate and serve as a watchdog around good governance and public accountability. It is important to strengthen the capacity of media to expand its coverage to attain more people and to produce critical coverage of political issues concerning government, parliament, and other public institutions.

SGP awarded grants to the Public Broadcast Service through an institutional support to increase its management capacity and to expand its coverage through the provision of a new transmitter and the renovation of an electrical grounding system at the transmitter site. The new transmitter provides a stronger signal to TV watchers around the capital, offering them reliable access to PBS programming including news, information, and entertainment.

East Timorese counterparts in the Social Services Division of the Secretary of State for Labor and Solidarity received help from the small grants program in funding an advisor for 6 months. The support also funded seminars which support the legislative process of drafting a policy regarding disabilities in East Timor. The Social Services Division provides advocacy for vulnerable groups, monitors the provision of social services by NGOs and other agencies, and networks with stakeholders to support grassroots initiatives for vulnerable groups. An important objective of the Annual Action Plan (AAP) of this Division is to provide opportunities for people with disabilities through skill training and small-scale productive economic assistance programs. This objective addresses the Division's main goal to facilitate the reintegration of 12,957 (4,871 of which are women) disabled people into the workforce.

The SGP made two grants to the National Directorate for Planning and External Assistance Coordination (NDPEAC) of the Ministry of Planning and Finance (MoPF). These grants funded the translation of the Sector Investment Programs (SIP) reports into Portuguese which will enable the government of East Timor to make decisions based on country wide development priorities and a medium-term planning strategy. A total of 15 SIP reports regarding for example, health care, private sector development, local government and civil society, and 2 SIP overviews have been translated.

### *Local Elections*

Since 1999 three elections have been held in East Timor: the popular consultation in August 1999, when 78% voted in favor of independence; the constituent assembly election in August 2000; and the presidential election in April 2002. The local elections held in 2004 and 2005 are the first elections conducted by East Timor's authorities



under an election law announced by the president in February 2004. These elections are proposed to help strengthen and widen the principles of democracy and good governance. They will begin the process of decentralizing government structures and improve the transparency of local government as well as the accountability of locally elected representatives. The SGP has supported the local election process through a number of grants to the National Commission of Election (CNE), The Technical Secretariat for Election Administration (STAE), and local NGOs and media for election outreach activities and voter education. Such assistance strengthens the country's democratic institutions, encourages public participation in civic affairs, and establishes a transparent and accountable electoral system. *(see USAID East Timor's Program Highlights Archive "East Timor's First Round of Elections Draws Thousands of Voters")*

### **Strategic Objective 3: Improved Health for the East Timorese**

USAID's newest objective responds to a vital need throughout the country, where maternal and infant mortality rates are the highest in the region. DAI has responded to this need through implementing small grants to NGOs and the Ministry of Health that focus on those most at risk, with a special concentration on mothers and children. By strengthening family health practices, providing access to integrated health services, and controlling infectious diseases more effectively, the small grants program can support these efforts throughout the country.

During the reporting period, USAID approved 8 small grants for more than \$166,916. Grant activities ranged from dengue prevention education campaigns and anti-mosquito spraying campaigns in affected areas to support for clinics and NGOs that help increase the quality of health service provision across the country.

#### *Improved health service delivery and disease prevention*

Funded by the small grants program, Xanana Gusmao Foundation, a local NGO, manages the pilot project to test the effectiveness and viability of a traditional plant, *artemesia annua* as a new tool in East Timor's fight against malaria. *(see USAID East Timor Program Highlights Archive "Ancient Medicinal Plant Becomes 21<sup>st</sup> Century Tool to Combat Malaria")*

A small grant for the Klibur Domin health clinic helped raise funds for the operation of three beds in the clinic for 2005. Physiotherapy services were provided through technical assistance to a new local NGO, Asosiasaun Hi'it Ema Ra'es Timor (ASSERT), to provide training and services to the disabled population.

HIAM Health, a local NGO that provides vital nutritional training services to the East Timorese, received operational support for their services and provided more than 23 training courses during the reporting period.

Strengthening the quality of the nursing force in East Timor is vital to the improved health of the East Timorese. SGP's grant to the Ministry of Health and World Health

Organization supported the 6 month practical and theoretical training for nurses in the Aileu district, bringing nurses from 4 districts to attend the training. *(see USAID East Timor Program Highlights Archive “Nurses Expand Skills with New Training Program”)*

In response to the outbreak of dengue in February 2005, DAI responded quickly to USAID and MOH requests for rapid assistance in funding the repair of repellent sprayers and fogging equipment for a massive spraying campaign for 11,536 houses in 8 districts, followed a month later by a dengue prevention education and community mobilization campaign. *(see USAID East Timor Program Highlights Archive “Combating the Mosquitoes that Transmit Dengue Fever”)*

### **Implementation update**

DAI’s extensive monitoring and evaluation framework was established during the end of 2004 and the data is currently being collected for each of the grants as they complete their grant period and submit the final report with information collected against specified indicators. Next semester’s semi-annual report will contain many of the results of this new system and will help DAI continue to deliver qualitative and quantitative data against the indicators set up to report on USAID’s three challenging strategic objectives.

The new contract under the USAID East Timor mission brought many changes to DAI’s program in late 2004. Due to the assignment of geographic code 000, DAI’s procurement team was prohibited from procuring goods or services outside of East Timor. Procurement challenges have been met with creative solutions and DAI looks forward to the potential change in geographic code for the project to ensure faster service delivery to our grantees.

### **Program Highlights**

During this reporting period, DAI produced 14 program highlights for the USAID East Timor website. Please see <http://www.usaideasttimor.net> and the program highlights archive for more information.